

In the pipeline

Gas to the West news



A major energy infrastructure project to extend the benefits of natural gas to Coalisland, Cookstown, Derrylin, Dungannon, Enniskillen, Magherafelt, Omagh and Strabane.

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"Gas to the West is one of the most significant infrastructure projects in the West of Northern Ireland for a generation.

We have made significant progress on the building of the pipeline in recent months and the recent financing deal is another important milestone in this project.

The project is rapidly turning from a pipe dream to reality – and it will have huge benefits for tens of thousands of people who live and do business in the West for decades to come."

Paddy Larkin
Chief Executive
Mutual Energy

Danny O'Malley
Director
SGN Natural Gas

£200 million gas network investment to benefit customers in the West

Mutual Energy has secured £200m of financing from Legal & General to support the expansion of the gas network in Northern Ireland. The funds raised will be used to cover construction costs of the Gas to the West project. This venture, which will also benefit from government grant assistance, will shortly bring natural gas to the towns of Coalisland, Cookstown, Derrylin, Dungannon, Enniskillen, Magherafelt, Omagh and Strabane.

Mutual Energy, with the agreement and support of SGN its Gas to the West partner, the Utility Regulator and the Department for the Economy decided to raise the required funding now ahead of construction completion taking advantage of current competitive lending rates. Due to the company's mutual structure this will result in valuable savings for natural gas customers.

Paddy Larkin, the CEO of Mutual Energy, has welcomed the news:

"This is a fantastic deal for customers and means that the cost of debt repayments will be around 35% less than anticipated when Mutual won the Gas to the West tender in 2014. This amounts to an additional saving of about £50m in present value terms over and above the customer savings already expected from the bidding process."

Mr Larkin added "This is now our Group's fourth major debt deal bringing important investment into Northern Ireland. We are very pleased that an investor such as Legal & General has won the competitive process."

The Utility Regulator was closely involved in approving the deal and its Chief Executive, Jenny Pyper, added her welcome saying:

"This is great news for Northern Ireland's natural gas consumers as it represents a significant saving for them. It also sends a strong message about the level of confidence that investors have in Northern Ireland's regulated energy industry. We now look forward to work advancing on the Gas to the West project which will bring a more affordable, cleaner and convenient form of energy to around 40,000 new customers in the west of Northern Ireland."

Gas to the West in numbers...

By the end of July 2018:

- ✓ 78km of right of way fencing erected (HP)
- ✓ 66km topsoil stripped (HP)
- ✓ 40km of pipeline welded (HP)
- ✓ 53 road crossings completed (HP)
- ✓ 106km pipeline installed (IP)
- ✓ 127 ecological surveys (HP)
- ✓ 118 environmental site inspections (HP)
- ✓ 693,421 contractor man hours worked
- ✓ 0 reportable lost time incidents

*HP = high pressure, IP = intermediate pressure



Section of the pipeline between Coharr Rd and Richmount Road West of Portadown.

Project update

Progress on the pipeline across the West has been clearly visible to residents over the past few months.

Despite the poor weather during the first few months of the year followed by the late winter storm referred to by many as the Beast from the East major parts of the pipeline are now in place. The rate of progress has been further hindered by issues experienced by the principal contractor however these have been largely rectified in recent months.

“We have completed not just a considerable length of pipeline, but we have carried out a range of river crossings such as the Blackwater and tunnelled under a number of major roads – including the A29 and the M1 motorway,”



The pipeline between Coxhill Rd and the A3 South West of Portadown. This is an aerial view of the pipeline route showing welded pipe in advance of burial.



Pipelaying underway.

commented Paddy Larkin, CEO of Mutual Energy, who in conjunction with SGN, is responsible for delivering the project.

Much remains to be done however. Once the construction phase of the pipeline is completed in a safe and methodical fashion there is still considerable work to be carried out. There will be an extensive programme of testing and commissioning to be carried out lasting several months. In addition, there is an extensive amount of above ground installation work to be carried out.

Major challenges have been overcome and with the recent better weather the project is now on track to be operational in the second quarter of next year with large customers being connected initially. Onward distribution to domestic customers in the towns can then be rolled out.

Danny O'Malley Director of SGN Natural Gas, welcomed the progress:

“This is a significant project and while we are all keen for quick progress we have to ensure that work is carried out safely and that the disruption for residents is minimised.”

“Taking all the constraints we face into account, and given the scale of this project, what has been carried out to date is a considerable achievement. Progress going forward, however, remains subject to normal construction challenges with much depending on the weather.”

Key Facts

‘Gas to the West’ is a major infrastructure project;

- An overall investment of over £250m with a contribution of over £30m being provided by the Northern Ireland Executive.
- Construction of approximately 220km of pipeline linking the towns to the existing network. To date over 70% of this pipeline has been constructed.
- Up to 40,000 domestic and business customers to be connected to natural gas.

Mutual Energy will own and operate the high-pressure pipeline. SGN will thereafter provide maintenance and other services to Mutual Energy. SGN Natural Gas will own and operate the mains, services and meters delivering natural gas within the towns.



Pipeline being prepared for ditching close to Derryhale Road.



Pipeline being moved into position.



The pipeline to Derrylin passing under Lower Lough Erne.

Working closely with farmers

As an Agricultural Liaison Officer (ALO), no two days are the same, but the intention of this article is to give the reader an idea of the varied role being played by the Dalcour Maclaren ALOs, such as Eamonn McMahon, during the construction phase of the Gas to the West project.

Typically, I begin the working day around 8am by reviewing and responding to any early morning e-mails. Today, there is a request for a progress update on the acquisition of the sites for the District Pressure Governors. After dealing with the e-mails, I travel to the site.

At present, construction activities in my section include fencing, pre-construction drainage, top soil stripping, pipe stringing and trenchless crossings of public roads. First, I attend the fencing to check the location of crossings and gates, and to get feedback from the crew on any interactions they may have had with landowners. Whilst there, I take a call from a landowner requesting a duplicate works commencement notice for submitting with his basic payment scheme force majeure application.

Next stop is the top soil stripping. At the road crossing the landowner is watching the operation. He marvels at the deftness of the machine operators but inevitably the conversation is dominated by the continued rain and the prospect of better weather.

After this, I visit the pre-construction drainage work. I speak to the supervisor and to one of the Agricultural Inspectors. The Agricultural Inspector informs me of a location where the pipe has been welded across a stock crossing. I visit the relevant landowner to ascertain whether this poses a problem. Thankfully he has no issue with this as he plans to cut silage in this field, and he confirms that the contractor had cleared it with him prior to the welding.

I receive a phone call from a landowner who is requesting an additional drinking trough. I contact the contractor's ALO who

agrees to get it installed the following day. After informing the farmer of this, I take the opportunity to contact the Northern Ireland Electricity case officer to arrange a site meeting in relation to the electricity supply to one of the proposed block valve sites. Whilst parked, I respond to an e-mail from SGN's solicitor regarding one of the few outstanding option agreements.

I have a meeting arranged with the owner of one of the proposed District Pressure Governor sites. SGN's lead engineer is also attending. The meeting is very productive and we leave hopeful that we have made significant progress towards this acquisition.

I return to the fencers. Their supervisor and I walk the next few fields to mark the crossing positions. I give the landowner a ring to get him to move his sheep before the fencers move in. Another landowner contacts me to see when his land is due for fencing and to establish if he can get a grazing off the field before it is fenced. He has about four days, we reckon.

After leaving the fencers, I check the road crossings to ensure that the roads have been swept and to alert the contractor to any that may need attention. Local residents, particularly those not engaged in agriculture, appreciate efforts to keep the roads clean.

In the evening, I respond to the e-mails received during the afternoon. There is a drawing from the Dalcour Maclaren mapping team for approval. A snags spreadsheet needs completion, and the database of landowner interactions requires updating.

So ends another varied and fulfilling day, even if it rarely stopped raining.



Eamonn McMahon, Agricultural Liaison Officer.

